

**BARBACANE, THORNTON
& COMPANY**

CAPITAL SCHOOL DISTRICT

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

JUNE 30, 2006

FIELDWORK END DATE: FEBRUARY 7, 2007

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

February 7, 2007

Michael D. Thomas, Ed. D.
Superintendent
Capital School District
945 Forest Street
Dover, DE 19904-3498

The Honorable Valerie A. Woodruff
Secretary, Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19901

We have performed the procedures enumerated below, which were agreed to by Capital School District, the Office of Auditor of Accounts and the State of Delaware Department of Education. The procedures were performed solely to assist the specified parties in evaluating the School District's compliance with criteria from the State of Delaware Fixed Asset Policy Manual, the State of Delaware Department of Education Construction Technical Assistance Manual, the Delaware Code, and the State of Delaware Budget and Accounting Manual. Capital School District's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards* (2003), issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We determined that the School District's policies and procedures for identifying, tracking and recording capital assets are adequate.

Our procedures disclosed no instances of noncompliance that resulted in adjustments or findings and recommendations.

2. We determined that the School District's construction project records and files (current and prior fiscal years) are accurate.

Our procedures disclosed no instances of noncompliance that resulted in adjustments or findings and recommendations.

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CERTIFIED PUBLIC ACCOUNTANTS

3. We determined that expenditures are accurately stated and are made in accordance with the State Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education and the Local Board of Education.

Our procedures disclosed no instances of noncompliance that resulted in adjustments or findings and recommendations.

4. We determined that the School District's construction project records and files include only active construction projects as of June 30 of the CFY. We also ensured that completed projects have been appropriately closed out of construction and added to the State Fixed Asset system.

Our procedures disclosed no instances of noncompliance that resulted in adjustments or findings and recommendations.

5. We prepared the School District's Schedule of Construction Projects for Fiscal Year 2006.

See Appendix C.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Capital School District management and Board Members and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Department of Finance, the State Treasurer's Office, Division of Accounting and the Office of Auditor of Accounts.

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SCHEDULE OF FINDINGS AND RECOMMENDATIONS

APPENDIX A

Procedure Agreed Upon #1:

Determine if the School District's policies and procedures for identifying, tracking and recording capital assets are adequate.

Finding:

None.

Recommendation:

Not applicable.

School District Response:

Not applicable.

Procedure Agreed Upon #2:

Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Finding:

None.

Recommendation:

Not applicable.

School District Response:

Not applicable.

Procedure Agreed Upon #3:

Determine if expenditures are accurately stated and are made in accordance with the State Fixed Asset Manual and the intent of the project scope mandated by the General Assembly, the Department of Education and the Local Board of Education.

Finding:

None.

Recommendation:

Not applicable.

School District Response:

Not applicable.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

APPENDIX A

Procedure Agreed Upon #4:

Determine whether the School District's construction project records and files include only active construction projects as of June 30 of the current fiscal year. Ensure that completed projects have been appropriately closed out of construction and added to the State Fixed Asset system.

Finding:

None.

Recommendation:

Not applicable.

School District Response:

Not applicable.

SCHEDULE OF PRIOR YEAR FINDINGS

APPENDIX B

The following schedule summarizes the prior year findings and the status of the prior year findings.

Prior Year Finding	Recommendation	Status of Prior Year Finding
None.	Not applicable.	Not applicable.

Status Key:

Implemented

The concern has been addressed by implementing the original or an alternate corrective action.

Not Implemented

The corrective action has not been initiated.

Partially Implemented

The corrective action has been initiated but is not complete and the auditor has reason to believe management fully intends to address the concern.

SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

Projects included in Construction Work-in-Progress in the State CAFR:

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FYs	Total Project Expended to Date	Total Unspent as of 06/30/06
None as of 6/30/06								
TOTAL		0	0	0	0	0	0	0

SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

Other Construction-Related Projects:

(These expenditures are added as betterments to projects/buildings already in the State fixed asset ledger.)

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FYs	Total Project Expended to Date	Total Unspent as of 06/30/06
Booker T. Washington Elementary School	2000	540,700	0	540,700	0	540,700	540,700	0
	2001	3,773,700	(3,059)	3,770,641	0	3,770,641	3,770,641	0
	2002	3,773,900	(694,092)	3,079,808	0	3,079,808	3,079,808	0
	2003	150,000	(15,322)	134,678	45,844	88,834	134,678	0
Kent County Community School	2000	208,800	0	208,800	0	208,800	208,800	0
	2001	1,672,200	0	1,672,200	12,386	1,659,814	1,672,200	0
	2002	1,519,900	0	1,519,900	258,317	1,261,583	1,519,900	0
	2004	1,615,900	0	1,615,900	1,344,398	271,502	1,615,900	0
William Henry Middle School	2000	695,200	0	695,200	0	695,200	695,200	0
	2001	5,313,400	273,015	5,586,415	0	5,586,415	5,586,415	0
	2002	5,313,900	231,490	5,545,390	0	5,545,390	5,545,390	0
	2003	266,667	(23,147)	243,520	605	242,915	243,520	0
TOTAL		24,844,267	(231,115)	24,613,152	1,661,550	22,951,602	24,613,512	0

Total Construction Projects Examined	24,844,267	(231,115)	24,613,152	1,661,550	22,951,602	24,613,512	0
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DISTRIBUTION OF REPORT

Copies of Capital School District's Agreed-upon Procedures Attestation Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Richard S. Cordrey, Secretary, Department of Finance
The Honorable Jennifer W. Davis, Director, Office of Management and Budget
The Honorable Valerie A. Woodruff, Secretary, Department of Education
Ms. Trisha Neely, Director, Division of Accounting

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph R. Biden III, Attorney General, Office of the Attorney General
The Honorable Jack Markell, Treasurer, State Treasurer's Office
The Honorable R. Thomas Wagner, Jr., State Auditor, Office of Auditor of Accounts

Other

Dr. Michael D. Thomas, Superintendent, Capital School District
Mr. Sean Sokolowski, Chief Financial Officer and Business Manager, Capital School District
Ms. Dorcell S. Spence, Associate Secretary, Finance and Administrative Services Branch,
Department of Education